



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

R. KEVIN CLINTON
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Revised January 23, 2014

**LIMITATION ON NONECONOMIC DAMAGES
and
PRODUCT LIABILITY DETERMINATION ON ECONOMIC DAMAGES**

Subsection 1 of Section 1483 of Act No. 236 of the Public Acts of 1961 (M.C.L. Section 600.1483), as amended by Act No. 78 of 1993, states the following:

Sec. 1483. (1) In an action for damages alleging medical malpractice by or against a person or party, the total amount of damages for noneconomic loss recoverable by all plaintiffs, resulting from the negligence of all defendants, shall not exceed \$280,000.00 unless, as the result of the negligence of 1 or more of the defendants, 1 or more of the following exceptions apply as determined by the court pursuant to section 6304, in which case damages for noneconomic loss shall not exceed \$500,000.00:

- (a) The plaintiff is hemiplegic, paraplegic, or quadriplegic resulting in a total permanent functional loss of 1 or more limbs caused by 1 or more of the following:
 - (i) Injury to the brain.
 - (ii) Injury to the spinal cord.
- (b) The plaintiff has permanently impaired cognitive capacity rendering him or her incapable of making independent, responsible life decisions and permanently incapable of independently performing the activities of normal, daily living.
- (c) There has been permanent loss of or damage to a reproductive organ resulting in the inability to procreate.

Subsection 4 of Section 1483 of Act No. 236 of the Public Acts of 1961, as amended (M.C.L. Section 600.1483), states the following:

Sec. 1483. (4) The state treasurer shall adjust the limitation on damages for noneconomic loss set forth in subsection (1) by an amount determined by the state treasurer at the end of each calendar year to reflect the cumulative annual percentage change in the consumer price index. As used in this subsection, "consumer price index" means the most comprehensive index of consumer prices available for this state from the bureau of labor statistics of the United States department of labor.

Enacting Section 4 of Act No. 78 of 1993 provides, in part:

Section 4. (1) Section(s) 1483 . . . of Act No. 236 of the Public Acts of 1961, as amended by this amendatory act, do(es) not apply to causes of action arising before October 1, 1993.

Subsection 1 of Section 2946a of Act No. 236 of the Public Acts of 1961 (M.C.L. Section 600.2946a), as amended by Act No. 249 of 1995 states the following:

Sec. 2946a. (1) In an action for product liability, the total amount of damages for noneconomic loss shall not exceed \$280,000.00, unless the defect in the product caused either the person's death or permanent loss of a vital bodily function, in which case the total amount of damages for noneconomic loss shall not exceed \$500,000.00. On the effective date of the amendatory act that added this section, the state treasurer shall adjust the limitations set forth in this subsection so that the limitations are equal to the limitations provided in section 1483. After that date, the state treasurer shall adjust the limitations set forth in this subsection at the end of each calendar year so that they continue to be equal to the limitations provided in section 1483.

Subsection 4 of Section 2946a of Act No. 236 of the Public Acts of 1961 (M.C.L. Section 600.2946a), as amended by Act No. 249 of 1995 states the following:

Sec. 2946a. (4) If damages for economic loss cannot readily be ascertained by the trier of fact, then the trier of fact shall calculate damages for economic loss based on an amount that is equal to the state average median family income as reported in the immediately preceding federal decennial census and adjusted by the state treasurer in the same manner as provided in subsection (1).

Pursuant to the above requirements, I, R. Kevin Clinton, State Treasurer of the State of Michigan, hereby certify that the annual percentage increase in the Detroit consumer price index for the 2013 calendar year was 1.6%. For causes of action arising after September 30, 1993, this results in a cumulative 57.2% increase in the standard limitation on noneconomic damages for a 2014 limitation of \$440,200 and a cumulative 57.2% increase in the limitation on noneconomic damages for certain permanent disabilities for a 2014 limitation of \$786,000. For causes of action alleging medical malpractice arising before October 1, 1993, the 1.6% increase in the Detroit consumer price index results in a cumulative 105.5% increase in the previous \$225,000 limitation of noneconomic damages for a 2014 limitation of \$462,400.

And further, in an action for product liability for damages for economic loss not readily ascertained by the trier of fact, the estimated state average median family income for 2012, reported in the 2012 American Community Survey, is \$59,295. Effective January 1, 2014, the 1.6% increase in the calendar year 2012 Detroit consumer price index results in a 2013 median family income of \$60,481. The cumulative 3.6% increase in the Detroit consumer price index between calendar year 2011 and 2013 results in a 2014 median family income of \$62,658. (The 2010 Census Bureau decennial census did not collect income data.)



R. Kevin Clinton
State Treasurer

January 23, 2014

**Limitation on Noneconomic Damages
and
Product Liability Determination on Economic Damages**

		Malpractice and Product Liability		Product Liability		
		Excluding	Certain	Economic Damages Not Readily		
		Certain Permanent	Permanent	Ascertained by Trier of Fact		
		Disabilities	Disabilities	3/28/1996		
Original Amount	Pre 10/1993	\$280,000	\$500,000	\$36,652	\$53,457	
MCL	600.1483(1)	600.1483(1) and 600.2946a(1)		600.2946a(4)		
Effective Date	10/01/1986	04/01/1994 and 03/28/1996		3/28/1996		
Original Year	1986	1994	1994	1989 Median	1999 Median	Post 2005
				Family	Family	ACS Family
				Income	Income	Income (1)
<u>Year of Limit</u>						
1987	\$228,128					
1988	235,620					
1989	244,600					
1990	257,650					
1991	270,930					
1992	280,410					
1993	286,309					
1994	294,101					
1995	303,371	\$288,825	\$515,759			
1996	313,062	298,052	532,235	\$44,534		
1997	321,300	305,800	546,200	45,703		
1998	329,200	313,600	560,000	46,841		
1999	336,600	320,600	572,500	47,904		
2000	345,400	328,700	587,000	49,114		
2001	357,800	340,500	608,000	50,873		
2002	367,400	349,700	624,500	52,266		
2003	376,900	359,000	641,000		\$58,375	
2004	384,500	366,000	653,500		59,498	
2005	390,600	371,800	664,000		60,460	
2006	402,100	382,800	683,500			57,996
2007	414,200	394,200	704,000			59,618
2008	421,700	401,500	717,000			60,615
2009	431,300	410,800	733,500			56,681
2010	428,600	408,200	729,000			56,101
2011	432,000	411,300	734,500			58,068
2012	446,200	424,800	758,500			59,295
2013	455,200	433,400	774,000			60,481
2014	462,400	440,200	786,000			62,658

(1) Listed median family income for years 2006-2012 is the American Community Survey (ACS) Michigan median family income for each given year. The listed 2013 and 2014 median family incomes represent the 2012 ACS Michigan median family income grown by inflation. The Census Bureau conducts the ACS annually. The most recently published ACS data are for 2012. The Census Bureau did not collect income data in its 2010 decennial census.

Prepared by Office of Revenue and Tax Analysis, Michigan Department of Treasury

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